

PUBLIC DISCLOSURE

APRIL 24, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HAMPDEN SAVINGS BANK
90283

19 HARRISON AVENUE
SPRINGFIELD, MA 01101

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **HAMPDEN SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **APRIL 24, 2002**. The Division evaluates performance in the assessment area(s), as it is defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory."

Hampden Savings Bank's overall CRA rating is based upon its performance under the five criteria contained herein as well as the bank's investments and services. The following is a summarization of the findings that were utilized in formulating the bank's overall CRA rating.

Distribution of Credit among Different Income Levels

Hampden Savings Bank has achieved an adequate distribution of lending to individuals of low and moderate-income; and to small businesses

Geographic Distribution of Loans

The bank has achieved a reasonable penetration of HMDA- reportable and small business lending in low and moderate-income census tracts in its assessment area.

Comparison Of Credit Extended Inside And Outside Of The Assessment Area (S)

For the period reviewed, a majority of the percentage of HMDA- reportable and small business loans were made inside the bank's assessment area.

Loan to Deposit Analysis

The bank has demonstrated a reasonable average net loan to total deposit ratio for the time period examined.

Review of Complaints/Fair Lending Policies and Practices

Fair lending policies and practices are considered reasonable. No complaints have been received since the last examination.

Finally, in assessing whether an institution's CRA performance is "High Satisfactory" or "Outstanding" under the small institution performance standards, the Division considers the degree to which an institution exceeds each performance criterion for a "Satisfactory" rating, and the institution's performance in providing qualified investments and services. At management's request, Hampden Savings Bank's investments and services were reviewed and found to be above average, particularly given the asset size of the bank and the limited opportunities for qualified investments or community development services within the bank's assessment area.

PERFORMANCE CONTEXT

Description of Institution

Hampden Savings Bank is a state chartered mutual bank whose main office is located in Springfield, Massachusetts. In addition the bank maintains branches on Allen Street in Springfield, on Westfield Street in West Springfield, and on Longmeadow Street in Longmeadow. In June 2001, the bank opened a full service branch location at 820 Suffield Street in Agawam, Massachusetts.

As of December 31, 2001, the bank had \$317,044,000 in total assets. Of these total assets, \$165,115,000 or 52.1 percent were in the form of loans (net). The following table depicts Hampden Savings Bank's loan portfolio composition based on its December 2001 FDIC Call Report.

Hampden Savings Bank Loan Portfolio as of December 31, 2001	
Type of Loans	% of Total Loans
Construction & Land Development	0.0
Residential Real Estate	
a. 1-4 Family Mortgages	51.5
b. Home Equity Lines (includes second mortgages)	6.5
Multifamily	1.9
Commercial Loans	
a. Commercial Real Estate	30.8
b. Commercial & Industrial Loans	8.1
c. Agricultural Loans	0.0
Consumer Loans	
a. Credit Cards & Related Plans	0.2
b. Loans to Individuals	1.0
Total Loans	100.0

Source: FDIC Call Report, 12/31/01

As indicated, overall residential lending represents the majority of the bank's portfolio at 59.9 percent. The second largest segment overall of the loan portfolio is commercial lending at 38.9 percent.

Hampden Savings Bank offers 10-15 year and 20-30 year fixed rate mortgages. The bank also offers a 1-year, 3/3 year, 5/5 year, 7/3 year, and 10/1 ARM as well. In addition, for first-time homebuyers, the bank offers a 5/1 First Time Homebuyer adjustable rate loan and a MHFA 30 year fixed-rate mortgage, with private mortgage insurance required for LTV's over 80 percent. All fixed-rate mortgage loan applications are underwritten to the Federal Home Loan Mortgage Corporation's (FHLMC's) standards in order to provide the bank with the option to sell loans in the secondary market. Hampden Savings Bank also offers reverse equity mortgages and Senior Equity Lines of Credit (SELOC) through Homeowner Options for Massachusetts Elders (HOME).

In the fall of 2000, Hampden Savings Bank, through the Federal Home Loan Bank (FHLB) of Boston, began receiving Community Development Advances (CDA). The total amount of CDAs available to the bank was \$10 million. These advances carry a lower interest rate, and are to be used to fund community development lending that promotes economic-development, affordable-housing, and/or mixed-use initiatives. Community development initiatives must include, but are not limited to, the creation of jobs for income-eligible workers; must benefit income-eligible families, and must be located in an income-eligible neighborhood, or be located in an Enterprise Community as established by either the Secretary of HUD or the Secretary of the USDA. Since the CDAs offer a lower interest rate, the rate concession can then be passed on to each loan project. Of the initial \$10 million available through CRA funding, Hampden Savings Bank has disbursed approximately \$8.7 million.

Hampden Savings Bank has been an approved Small Business Administration (SBA) lender since December 1995. In 2001, the bank granted one SBA guaranteed loan totaling \$60,000.

There appears to be no legal or regulatory impediment that would affect the bank in meeting the needs of its community. The Division of Banks last conducted a CRA examination on June 7, 1999. That evaluation resulted in a "Satisfactory" rating. The FDIC conducted the previous Community Reinvestment Act (CRA) evaluation as of April 6, 1998. That examination resulted in a "Satisfactory" rating.

Description of Assessment Area

The Community Reinvestment Act requires a financial institution to identify an assessment area in which it intends to focus its lending efforts. The bank has delineated the cities of Springfield and West Springfield as well as the towns of Agawam, East Longmeadow, Hampden, Longmeadow, Southwick, and Wilbraham as its assessment area. All the communities are located in Hampden County and fall within the Springfield Metropolitan Statistical Area (MSA). The 2000 and 2001 HUD estimated Median Family Income for the Springfield MSA was \$47,500 and \$49,700, respectively.

Hampden Savings Bank's assessment area contains fifty-one census tracts. Of those tracts, eight are low income, nine are moderate-income, twenty-five are middle-income, eight are upper-income, and one has no income designation. The following table reflects selected housing characteristics, based upon 1990 census data, for each of the census tract income groupings in Hampden Savings Bank's assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value (\$)
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	15.7	12.8	13.1	13.0	79.2	7.8	95,002
Moderate	17.6	15.0	15.5	33.4	58.9	7.7	90,440
Middle	49.0	52.2	51.9	64.5	30.9	4.6	115,634
Upper	15.7	20.0	19.5	86.4	10.7	2.9	155,015
NA	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Total or Median	100	100	100	100	100	100	108,249

Source: U.S. Census

Aggregate Lenders/Market Share

Aggregate data, for HMDA reporting purposes only, constitutes 264 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the bank's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 2000 was 7,531. The top five lenders (in descending order) within Hampden Savings Bank's assessment area in 2000 were: Sovereign Bank, 765 loans/10.2 percent share; Fleet National Bank, 436 loans/5.8 percent share; First Massachusetts Bank, NA, 422 loans/5.6 percent share; Countrywide Home Loans, 345 loans/4.6 percent share; and GMAC Mortgage, 270 loans/3.6 percent share. Hampden Savings Bank ranked 16th with 104 loans and a 1.4 percent share.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon the following analysis, Hampden Savings Bank's average net loan to total deposit ratio appears to be reasonable and as such is found to meet the standards for satisfactory performance.

An analysis of Hampden Savings Bank's net loan to total deposit ratios was performed. The calculation incorporated eight quarters of the bank's net loans to total deposit figures as reflected in the bank's quarterly FDIC Call Reports. The quarters reviewed included the periods from March 2000 through December 2001. The bank's average net loan to deposit ratio was 68.9 percent. This ratio has fluctuated from a low of 67.1 percent in June 2000, to a high of 71.4 percent in June 2001. The following illustrates Hampden Savings Bank's net loan to deposit trends.

Hampden Savings Bank's Loan to Deposit Ratios*			
Dates	Net Loans (000)	Total Deposits (000)	Ratio (%)
March 31, 2000	133,737	197,367	67.8
June 30, 2000	142,263	212,111	67.1
September 30, 2000	144,805	213,924	67.7
December 31, 2000	148,236	214,644	69.1
March 31, 2001	151,309	218,879	69.1
June 30, 2001	157,605	220,876	71.4
September 30, 2001	162,392	231,765	70.1
December 31, 2001	165,115	238,951	69.1

* Source: FDIC Quarterly Call Reports.

Over the period reflected in the table, Hampden Savings Bank's net loan portfolio increased by 23.5 percent while deposits grew by 21.1 percent. From December 31, 2000, through December 31, 2001, the bank's net loan portfolio increased by 11.4 percent, while deposits grew equally by 11.3 percent.

A comparison of Hampden Savings Bank's loan to deposit ratio to that of area financial institutions was also performed. As of December 31, 2001, Hampden Savings Bank had total assets of \$317,044,000 and a net loan to deposit ratio of 69.1 percent. The net loan to deposit ratios of area institutions is reflected in the following table. Those institutions chosen for this analysis have a main office or branch location in Hampden Savings Bank's assessment area and have assets of between \$300 million and \$1 billion. The data presented is as of December 31, 2001.

COMPARATIVE NET LOAN TO DEPOSIT RATIOS*		
Institution	Total Assets \$(000)	Net Loan to Deposit Ratios (%)
Hampden Savings Bank	317,044	69.1
The Bank of Western Massachusetts	488,098	80.9
United Cooperative Bank	591,326	91.8
Westbank	627,925	86.2
Woronoco Savings Bank	668,229	123.2
Westfield Savings Bank	746,568	65.0
Country Bank For Savings	811,069	95.9
Peoples Savings Bank	817,051	89.3

*As of December 31, 2001.

Hampden Savings Bank's net loan to deposit ratio was also compared to peer group ratios as reflected in the December 31, 2001, Uniform Bank Performance Report (UBPR). The UBPR defines Hampden Savings Bank's peer group as all FDIC insured savings banks having assets of between \$300 million and \$1 billion. As reported in the UBPR, the bank's net loan to deposit ratio was 69.1 percent as compared to the peer group ratio of 84.8 percent.

Based on the aforementioned analysis, Hampden Savings Bank has achieved a reasonable loan to deposit level given its capacity to lend and the credit needs of its assessment area.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the following data, Hampden Savings Bank's percentage of lending activity within its assessment area is considered to be adequate. Consequently, this performance was found to meet the standards for satisfactory performance.

HMDA Reportable Lending

An analysis of Home Mortgage Disclosure Act (HMDA)- reportable lending extended both inside and outside Hampden Savings Bank's assessment area for the period under review was performed. For the purposes herein, the period under review constitutes calendar years 2000, and 2001. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans.

The following table illustrates Hampden Savings Bank's level of HMDA reportable lending both inside and outside its assessment area.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	104	78.2	11,421	69.7	29	21.8	4,956	30.3	133	100.0	16,377	100
2001	172	75.8	20,021	75.0	55	24.2	6,664	25.0	227	100.0	26,685	100
Total	276	76.7	31,442	73.0	84	23.3	11,620	27.0	360	100	43,062	100

Source: HMDA LAR, CRA Wiz

As indicated, above, Hampden Savings Bank granted the majority of the number (76.7%) and dollar volume (73.0%) of its HMDA reportable loans in those communities within its assessment area.

As discussed in the Performance Context of this Public Evaluation, Hampden Savings Bank achieved a ranking of 16th in market share (out of 264 lenders) for its HMDA reportable lending in 2000. Therefore, given the size and the resources available to Hampden Savings Bank, the level of HMDA reportable lending within its assessment area is considered reasonable.

Small Business Lending

An analysis of a sample of small business loans extended both inside and outside Hampden Savings Bank's assessment area for the period under review was performed. For the purposes herein, the period under review for small business lending constitutes calendar years 2000 and 2001. A small business loan is defined as a loan with an original amount of \$1 million or less that are: "secured by nonfarm, nonresidential properties or; commercial and industrial loans to US addressees." This definition is consistent with those found in the FDIC Call Report instructions.

The following table illustrates Hampden Savings Bank's level of small business lending both inside and outside its assessment area based upon the sample of small business loans reviewed during the examination. The sample involved 25 small business loans totaling \$5,566,000 in originated in 2000, and 25 small business loans totaling \$4,405,000 in originated in 2001.

Distribution of Small Business Lending Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	16	64.0	2,074	37.3	9	36.0	3,492	62.7	25	100	5,566	100
2001*	20	80.0	3,717	84.4	5	20.0	688	15.6	25	100	4,405	100
Total	36	72.0	5,791	58.1	14	28.0	4,180	41.9	50	100	4,405	100

Source: Bank generated reports.

The above table indicates that the bank made the majority of its loans(72.0 percent) within the assessment area; although the dollar volume of loans made in the assessment area was somewhat lower at 58.1 percent.

As indicated in the Performance Context of this Public Evaluation, Hampden Savings Bank has CDA borrowing capability from the Federal Home Loan Bank of Boston. Although located outside the bank's assessment area, in October 2000, the bank was approved for a \$3.9 million CDA to fund a new 84 room hotel creating new full and part time employment for over 20 income- eligible individuals (at or below 100 percent of HUD median family income parameters).

In conclusion, Hampden Savings Bank's level of small business lending within its assessment area is considered good.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

Based upon the subsequent analysis, Hampden Savings Bank's distribution of HMDA reportable loans within its assessment area to borrowers of different income levels is considered to be average. In addition, the bank's level of small business lending by loan size and to businesses of various sizes is considered acceptable. Therefore, performance under this criterion is found to meet the standards for satisfactory performance.

HMDA Reportable Lending

An analysis of HMDA-reportable loans extended within Hampden Savings Bank's assessment area among borrowers of various income levels was performed. Originations were categorized by the ratio of the applicant's reported income to the 2000, and 2001 estimated median family incomes of the Springfield MSA (refer to the Performance Context Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate income is defined as income between 50 and 79 percent of the median family income. Middle income is defined as income between 80 and 119 percent of the median family income. Upper income is defined as income greater than 120 percent of the median family income.

The following analysis also includes 2000 aggregate data (exclusive of Hampden Savings Bank) of HMDA reportable lending as well as demographic data on the percentage of total households (per 1990 census data) in the assessment area in each respective income group.

Refer to the following:

Distribution of HMDA Loans by Borrower Income								
Median Family Income Level	% Total Households	Aggregate Lending (% of #)	2000		2001		Total	
		2000	#	%	#	%	#	%
Low	26.2	4.9	0	0.0	5	2.9	5	1.8
Moderate	14.4	20.1	13	12.5	15	8.7	28	10.1
Middle	18.7	23.6	25	24.0	50	29.1	75	27.3
Upper	40.7	30.2	64	61.5	99	57.6	163	59.0
NA	0.0	21.2	2	2.0	3	1.7	5	1.8
Total	100	100	104	100	172	100	276	100

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

It should be noted that those originations designated as not applicable are loans where:

- The borrowers' income was not taken into account when granting the loan;
- The borrower is an employee; or
- The loan was purchased.

As indicated in the table above, Hampden Savings Bank granted no loans to low-income borrowers in 2000. The bank's lending to moderate-income borrowers (12.5 percent) was also below that of the aggregate, which made 20.1 percent of total loans in that income category. The bank's lending performance to borrowers of low-income improved in 2001 when the bank made 2.9 percent of its loans to this group; however, the percentage of lending in the moderate-income category (8.7 percent) declined in comparison to 2000.

By dollar volume, Hampden Savings Bank originated 6.7 percent of its HMDA reportable loans to low and moderate-income borrowers, 20.7 percent to middle-income borrowers, 70.5 percent to upper-income borrowers and 2.1 percent to borrowers with no income designation.

In conclusion, Hampden Savings Bank's level of HMDA reportable lending to borrowers of low and moderate-income is considered adequate.

Analysis of Small Business Lending by Loan Amount

An analysis of a sample of Hampden Savings Bank's small business loans extended within its assessment area by loan amount was performed. This sample constituted 36 loans, 16 taken from 2000 and 20 taken from 2001. The following reflects the results of this analysis.

Distribution of Small Business Loans by Loan Size						
Loan Size (000s)	2000		2001		Total	
	#	%	#	%	#	%
< \$100	9	56.3	8	40.0	17	47.2
\$100 - \$250	5	31.2	8	40.0	13	36.1
> \$250 - \$1,000	2	12.5	4	20.0	6	16.7
Total	16	100.0	20	100.0	36	100.0

Source: Bank generated reports.

As the above table suggests, the majority of the bank's small business loan sample was in the form of smaller loans. The results presented are positive in terms of small loans, where over 83.3 percent of all loans in the sample were under \$250,000. Analysis by dollar volume is inversely proportional to these results. As expected, most of actual dollars (53.7%) were extended in the over \$250,000 category.

Analysis of Small Business Lending by Revenue

The sample of small business loans originated within Hampden Savings Bank's assessment area was further analyzed to determine the distribution among businesses of various sizes. The majority of small business loans originated during this period were granted to small businesses, whose annual revenues were \$1 million or less. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

Small Business Lending by Revenue						
Gross Annual Revenues (000s)	2000		2001		Total	
	#	%	#	%	#	%
<= \$1,000	11	68.8	9	45.0	20	55.6
> \$1,000	5	31.2	11	55.0	16	44.4
Total	16	100.0	20	100.0	36	100.0

Source: Bank generated reports.

In 2000 the majority of loans (68.8 percent) were made to businesses with revenues under \$1 million dollars; however this proportion dropped in 2001 to 45.0 percent for an average rate of 55.6 percent.

Similarly, by dollar volume, in 2000, the majority of actual dollars were extended to businesses with revenues under \$1 million with 59.1 percent. However, in 2001, the bank granted 48.5 percent in dollar volume to businesses in this category.

Based upon the sample, the bank's level of small business lending by loan size and to businesses of various sizes reflects an acceptable performance.

Other Lending

In addition to its regular residential lending, Hampden Savings Bank has also granted a number of loans for the development of affordable residential properties as well as for economic development purposes. All of these loans appear to have community development purposes.

In September 1998, Hampden Savings Bank granted a \$288,000 loan to Hampden Hampshire Housing Partnership (HAP) for the purposes of rehabbing five duplexes and converting three of the properties into single family housing. All five properties were located in Springfield in a middle-income census tract. End financing was provided by a special program through the City of Springfield's Office of Housing. Only those individuals who are income- eligible received financing through this program. The bank's loan was paid in full in June 2000.

In June 2001, Hampden Savings Bank utilized \$650,000 in CDA monies for the refinance of 186 rental units, of which 100 percent of the units are designated for individuals/families with incomes that are 50 percent or lower of HUD's median family income guidelines.

On January 8, 2002, Hampden Savings Bank, as the lead bank, granted a participation Line of Credit to a non-profit organization that provides career counseling and operates a placement center in Springfield. The bank's portion of the loan was \$150,000.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The following analysis indicates that Hampden Savings Bank appears to have achieved an adequate penetration of its HMDA reportable and small business lending in the seventeen low and moderate-income census tracts within its assessment area. Therefore, a rating of "Meets Standards for Satisfactory Performance", is assigned.

HMDA Reportable Lending

An analysis of HMDA reportable lending extended in the various census tracts contained within Hampden Savings Bank's assessment area was conducted. The following table presents the bank's performance as well as the 2000 aggregate data (exclusive of Hampden Savings Bank) of HMDA reportable lending by percentage. In addition, the table also reflects demographic data on the percentage of owner-occupied housing units (per 1990 census data) in each of the census tract income categories.

To reiterate, Hampden Savings Bank's assessment area contains fifty-one census tracts. Of those tracts, 15.7 percent are low-income, 17.6 percent are moderate-income, 49.0 percent are middle-income, 15.7 percent are upper-income, and 2.0 percent have no income designation.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner- Occupied Housing Units	Aggregate Lending Data (% of #)	2000		2001		Total	
			2000	#	%	#	%	#
Low	3.0	5.7		6	5.8	5	2.9	11
Moderate	9.0	11.6		10	9.6	14	8.1	24
Middle	58.5	59.2		56	53.8	84	48.9	140
Upper	29.5	23.5		32	30.8	69	40.1	101
Total	100	100		104	100	172	100	276

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

Hampden Savings Bank marginally surpassed the aggregate in 2000 with 5.8 percent of its loans in low-income census tracts, versus the aggregate performance of 5.7 percent. However the bank made only 9.6 percent of its residential loans in moderate-income census tracts in comparison to the aggregate, which originated 11.6 percent of its loans in these census tracts.

By dollar volume, Hampden Savings Bank originated 4.0 percent of its HMDA reportable loans in the low-income tracts, 5.7 percent in the moderate-income tracts, 41.2 percent in the middle-income tracts, and 49.1 percent in the upper-income census tracts in 2000. This was equal to or better than 2000 aggregate lending which was 4.0 percent within the low-income census tracts and 8.2 percent in the moderate-income tracts. In 2001, the

percentages declined however, with 2.0 percent of the dollar volume going to the low-income census tracts and 4.8 percent going to the moderate census tracts.

Other Residential Lending

In July 1999, Hampden Savings Bank granted an interim financing loan for the purposes of rehabilitating a single family dwelling in a moderate-income census tract in Springfield.

In August 2001 the bank granted interim financing for the renovation of a two-family dwelling in a moderate-income census tract in Springfield.

In conclusion, Hampden Savings Bank's level of HMDA reportable lending to the seventeen low and moderate-income census tracts within its assessment area is considered to be reasonable.

Analysis of Small Business Lending by Census Tract

Hampden Savings Bank's small business loan samples were analyzed to determine the distribution by census tract income level within its assessment area.

The following table depicts this distribution.

Small Business Lending by Census Tract						
Census Tract Income Level	2000		2001		Total	
	#	%	#	%	#	%
Low	2	12.5	2	10.0	4	11.1
Moderate	3	18.8	4	20.0	7	19.4
Middle	6	37.5	8	40.0	14	38.9
Upper	5	31.2	6	30.0	11	30.6
Total	16	100.0	20	100.0	36	100.0

Source: Bank Generated Reports

The above table indicates that Hampden Savings Bank made the majority of its small business loans (38.9 percent)in middle-income census tracts. However, a respectable number of loans (11.1 percent) were originated within low-income census tracts, while 19.4 percent of small business loans were made in moderate-income census tracts.

By dollar volume, Hampden Savings Bank originated 5.3 percent of the small business loan sample in the low-income tracts, 12.8 percent in the moderate-income tracts, 42.1 percent in the middle-income tracts, and 39.8 percent in the upper-income census tracts in 2000. In 2001, the percentage improved in the low-income census tracts with 10.3

percent of the dollar volume however, the percentage to the moderate-income tracts declined slightly at 11.0 percent.

Other Business Lending

In January 2001, Hampden Savings Bank was approved for an \$800,000 CDA to finance the acquisition of two-office buildings located in an Enterprise Community in a moderate-income census tract.

In October 2001, the bank was approved for a \$2,990,000 CDA to finance the construction of two medical office buildings located in an Enterprise Community in a low-income census tract.

Based upon the sample, Hampden Savings Bank's level of small business lending to the seventeen low and moderate-income census tracts within its assessment area is considered to be acceptable.

5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

Hampden Savings Bank received no CRA related complaints for the period under review. The bank has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2-3-101.

The institution's policies and procedures prohibit discrimination against all the protected classes listed under the Equal Credit Opportunity Act (ECOA). In addition, the procedures call for a second review of denied loans.

Minority Application Flow

Hampden Savings Bank's assessment area contains 265,688 individuals, 60,379 or 22.7 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 0.9 percent Asian, 11.3 percent Black, 10.2 percent Hispanic and 0.2 percent Other.

For the period reviewed, the bank received a total of 38 HMDA-reportable applications from various minority groups, representing 11.7 percent of all applications received from within its assessment area. In 2000, the bank received 13.6 percent of all applications from minorities; in comparison to the aggregate lenders which received 19.8 percent.

Refer to the following:

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE DATA 2000		BANK 2000		BANK 2001		BANK TOTAL	
	#	%	#	%	#	%	#	%
Native American	32	0.2	0	0.0	0	0.0	0	0.0
Asian	152	1.1	3	2.3	1	0.5	4	1.2
Black	1,246	8.8	11	8.3	11	5.7	22	6.8
Hispanic	1,180	8.3	4	3.0	8	4.1	12	3.7
Joint Race	123	0.9	0	0.0	0	0.0	0	0.0
Other	75	0.5	0	0.0	0	0.0	0	0.0
Total Minority	2,808	19.8	18	13.6	20	10.3	38	11.7
White	6,011	42.5	106	80.3	158	81.4	264	81.0
NA	5,333	37.7	8	6.1	16	8.3	24	7.3
Total	14,152	100	132	100	194	100	326	100

*Source: PCI Services, INC., CRA Wiz Software

Given the racial composition of the assessment area and the HMDA aggregate application data, the bank's performance in attracting minority applicants is considered to be less than acceptable.

QUALIFIED INVESTMENTS AND SERVICES

At management's request, Hampden Savings Bank's investments and services were reviewed.

Investments

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low and moderate-income geographies.

Charitable Contributions

In October 2001, Hampden Savings Bank established The Hampden Savings Foundation in honor of the 150th anniversary of the bank. The initial funding of the foundation was \$1 million. The foundation will be used as a means of addressing the larger requests for donations and/or multi-year commitments. The new foundation maintains its own Board of Directors and staff.

Hampden Savings Bank has provided contributions to organizations that provide education and training, neighborhood revitalization, youth programs, and health and human services for individuals in need, and support business growth and development. In some instances, these contributions were larger, multi-year commitments. For calendar year 2000, Hampden Savings Bank provided \$40,105 in corporate contributions, \$25,813 or 64.4 percent of which was in support of programs that promote community development, as defined under the CRA regulation. In calendar year 2001, the bank provided \$53,167 in corporate contributions and commitments, \$26,171 or 49.2 percent were considered qualified. For the interim period January 1, 2002 through April 18, 2002, the bank provided \$6,910 in contributions, \$2,700 or 39.1 percent were considered qualified.

The following includes (but is not limited to) some of the organizations that Hampden Savings Bank contributed to that were considered to be qualified investments.

Organizations that provide social services, aid in emergencies, and assist families in need such as: Community United Way; Brightside; the Western Massachusetts Food Bank; Greater Springfield Habitat for Humanity; and the American Red Cross.

Organizations that provide school, youth, and educational programs such as: the Springfield and West Springfield Boys and Girls Club; the Children's Study Home; Springfield Day Nursery; the Community Music School; and the Springfield YMCA.

Organizations that provide community/business development such as: the Affiliated Chamber of Commerce of Greater Springfield.

Organizations that provide for the elderly and disabled such as: Homeowner Options for Massachusetts Elders (HOME); Christmas in April; and the Association for Community Living.

Retail Banking Services

In addition to its main office and loan center, Hampden Savings Bank operates four full service branch offices. The main office and the loan center are situated in downtown Springfield in a moderate-income census tract. The branch offices on Allen Street in Springfield, and Westfield Street in West Springfield are situated within middle income census tracts, while the Longmeadow Street, Longmeadow and Suffield Street, Agawam offices are situated within upper income tracts.

The bank's retail services are accessible to individuals of different income levels. All branch offices provide extended weekday and Saturday hours, 24 hour ATM service with network access, and handicap accessible facilities. Three of the branch offices have drive-up window service with extended hours. The Agawam office was opened in June 2001.

Hampden Savings Bank offers a free checking account with no minimum balance and no monthly maintenance fee. The account calls for an initial deposit of \$50 and there are no limits on ATM transactions. The bank's regular savings account calls for a minimum balance of \$10 to open the account. This account is offered either as a passbook or statement savings account. If the account balance falls below \$250 anytime during the month, the account is charged a \$2.00 maintenance fee. The statement savings can be set-up with ATM access, and can be linked to a checking account.

The bank offers both 24-hour telephone banking called "yourTelbank" and Internet banking as "yourebank.com" free of charge. These services allow checking and statement savings customers to transfer funds between accounts, make payments to loan accounts, and obtain balances and transaction information. In addition, the bank offers a free three-month trial for its Internet bill paying service. The bank charges \$4.50 per month after the trial period.

Hampden Savings Bank offers a 30-day notice account for first time homebuyers that pays two percent above the regular savings rate for balances up to \$5,000 and three percent above the savings rate for balances up to \$10,000. This type of incentive account is not widely offered and, because of its favorable rates encourages people anticipating home purchase to save. The bank markets this offering through its participation in first time homebuyer seminars. There are 17 of these accounts totaling \$37M presently held by the bank.

The bank is a member of the SUM network of financial institutions. The SUM network does not levy surcharges to ATM customers of other SUM member banks. Public Assistance Recipients in Massachusetts now receive food stamps and cash benefits via an Electronic Benefits Transfer (EBT) system. Hampden Savings Bank provides free access via its ATMs to EBT recipients

Hampden Savings Bank participates in the Massachusetts Interest on Lawyers Trust Account (IOLTA) program. In 2000 and 2001, the bank sent a total of \$12,297 in interest from IOLTA accounts to the IOLTA Committee. The committee distributes the funds to various agencies that provide legal services to lower-income individuals and families.

There are two customer service employees, who are bilingual in Spanish; one is assigned to the main office and the other to the Allen Street, Springfield office. There is one staff member bilingual in Spanish assigned to the residential loan department at the main office. An employee in the West Springfield office speaks Hindi and assist banking customers who also speak this language. An individual in the Business Banking department is bi-lingual in Polish.

Community Development Services

Hampden Savings Bank's officers and staff provide their technical expertise to the following organizations involved in community development efforts as defined by the CRA regulation.

Christmas in April is a non-profit community based organization, which matches sponsors with low-income, elderly or disabled homeowners having difficulty affording home repairs and maintenance. A senior vice-president serves as President of the Board of Directors and a Residential Loan Officer also serves as a Director and Chairs the House Selection Committee. Each year, Hampden Savings Bank sponsors one house project selected for needed repairs. A Saturday in late April is the day unskilled/skilled volunteers accomplish the work promised by the organization.

Homeowner Options for Massachusetts Elders (H.O.M.E.): A Senior Vice-President serves as a board member and on the executive committee and lender sub-group of this organization. H.O.M.E. provides financial counseling and referrals to participating lenders for low and moderate-income elder homeowners.

Springfield Neighborhood Housing Services, Inc (SNHS, Inc): A Branch Officer serves on the loan committee for this non-profit affordable housing organization. SNHS, Inc mission encompasses the neighborhoods of Old and Upper Hill, Bay, McKnight, and all others within Springfield's HUD designated Enterprise Community. The non-profit's loan programs assist many low and moderate-income homeowners and first time homebuyers.

Habitat for Humanity: A commercial loan officer is serving as the Steering Committee Chairperson for **Habitat for Humanity's Women Build 2002** project. One of the bank's credit analysts is also serving on the steering committee. The bank provides meeting space for the committee's weekly meetings.

Springfield Chapter of SCORE (Service Core of Retired Executives): A Commercial Loan Officer served as a speaker for this organization's Women's Business Owners' Roundtable. The topic covered was "How to secure bank financing for a new or expanding business".

Greater Springfield Senior Services, Inc (GSSI) is a private non-profit organization serving the diverse needs of frail low-income elders and their families. The organization administers a number of programs including "meals on wheel", assessment and coordination of home based services, transportation and shopping assistance, nursing home ombudsman and referral and education services. An Assistant Vice-President serves on the Advisory Council for the agency's Money Management Program. A bank Trustee also serves on the agency's Board of Directors.

Economic Development Council of Western Massachusetts (EDC) is a private non-profit corporation and a collaborative effort of public and private sector leaders founded in

1996. The organization's mission is "to stimulate a competitive regional economy that generates/sustains capital investment and quality job growth". The bank's President serves as board member and on the Executive Committee of the EDC.

United Way of Greater Springfield: A Vice President serves on the board of this organization and its Allocations Committee. Committee members make on-site visitations and review agency budgets to ensure that funds are being utilized properly. The United Way supports agencies and programs either serving low and moderate-income individuals and families or subsidizing fees for service in programs not targeted directly to these income groups.

The Association for Community Living is an umbrella organization that administers programs serving the needs of adults/children with developmental disabilities and their families. The bank's President serves as a board member and on the Business Campaign Committee 2002, which raises funds for the organization.

Educational Programs

First Time Homebuyer Seminars: A Mortgage Loan Officer regularly serves as the mortgage-financing educator for workshops presented by the City of Springfield. Seminar participation is mandatory for first-time homebuyers of low and moderate-income seeking down payment assistance from the City's Office of Housing. In addition, this loan officer also teaches homebuyer workshops for the regional housing agency, Hampden Hampshire Housing Partnership (HAP, Inc).

"Savings Makes Cents": Hampden Savings Bank offers this school savings program at the Thomas Balliet Elementary School, located in Springfield's Pine Point neighborhood. The bank provides educational support to both teachers and students involved in the "Savings Make Cents" program, which is offered through the Office of the State Treasurer. On Thursday mornings, banking day is held in the school's library and the students themselves run the activity.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

HAMPDEN SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **APRIL 24, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area , each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

